

The Behavior of Muslim Investors in Choosing and Making Stock Investment Decisions in the Islamic Capital Market

Amelia Rahmawati¹, Hendri Hermawan Adinugraha², Drajat Stiawan³

^{1,2,3}UIN K.H Abdurrahman Wahid Pekalongan

Rowolaku, Kecamatan Kajen, Kabupaten Pekalongan, Jawa Tengah

Email: ameliarahmawati@mhs.uingusdur.ac.id¹, hendrihermawan@uingusdur.ac.id²,
drajat.setiawan@uingusdur.ac.id³

Abstrak

Dunia investasi menjadi topik pembahasan yang menarik, khususnya berinvestasi di pasar modal. Pada umumnya orang melakukan investasi untuk mendapatkan return atau keuntungan yang cukup tinggi dari apa yang diharapkan. Penelitian ini menggunakan metode literature review atau tinjauan pustaka yang datanya diperoleh dari berbagai sumber seperti jurnal, buku, dokumentasi, dan internet selama lima tahun terakhir. Hasil penelitian menunjukkan bahwa persepsi pengendalian perilaku sangat mempengaruhi perilaku investor dalam mengambil keputusan investasi dan sikap terhadap risiko yang dirasakan juga mempengaruhi pengambilan keputusan investor untuk berinvestasi.

Kata Kunci: Investor, Saham, Pasar Modal Syariah.

Abstract

The world of investment is an interesting topic of discussion, especially investing in the capital market. In general, people make investments to get a high enough return or profit from what is expected. This research uses the method of literature review or literature review in which data is obtained from various sources such as journals, books, documentation, and the internet during the last five years. The results of the study show that perceptions of behavioral control greatly influence investors' behavior in making investment decisions and attitudes towards perceived risk also influence investors' decision-making to invest.

Keywords: Investors, Stock, Islamic Capital Market

Introduction

Indonesia is a country with the largest Muslim population in the world with a total of 231 million people who embrace Islam. This is related to the development of the Indonesian economy where Islam has a big contribution in eradicating poverty. As we know, Islam focuses on the halalness of an instrument, benefits, and benefits for its people. The emergence of muamalah or transactions by Islamic law in Indonesia is a form of effort toward benefit. One form is the existence of an Islamic capital market.

According to Sholihin (2010), the Islamic capital market is an activity concerned

The Behavior of Muslim Investors in Choosing and Making Stock Investment Decisions in the Islamic Capital Market

Amelia Rahmawati, dkk

with public offerings and securities trading, public companies related to the securities they issue, as well as institutions and professions related to securities that are carried out based on Sharia principles. As a country with the largest Muslim population in the world, Indonesia has the largest share of the Islamic capital market in the world. On the other hand, the ratio of market capitalization value to Indonesia's GDP (Gross Domestic Products) is still below 50%. These conditions indicate that the potential for developing the Islamic capital market in Indonesia is still very large. Then the regulations made by the government, the condition of the rupiah which tends to be more stable and our good foreign exchange reserves are an attraction for investors to invest in Indonesia (Ningsih 2021).

Various products contained in the capital market include stocks, mutual funds, bonds, warrants, and other products. In the various Sharia products that exist on the capital market in Indonesia, stocks are one of the investment options that are very popular with the Indonesian people at this time. Islamic stocks are considered to be the right choice to allocate funds for Muslim investors. Based on statistical data on Sharia stocks, there are 552 Sharia shares listed on the stock exchange by the end of 2022 (OJK, 2023).

Company fundamentals are sometimes not in line with the company's stock price movements. Often the existence of financial reports that are quite good is the opposite of the movement of the company's stock price. The phenomenon of the behavior of an investor who wants to earn profits in a relatively short period, then many investors only follow the advice of their friends which can be used as a basis for deciding to invest in stocks even though the advice is not absolutely correct and also good. Conditions of stock prices on the stock exchange in general can be followed based on company development as well as market commodities. This can also be seen in the behavior toward the representative stock group at the specified time (Aenun 2022).

Many stock investors want to get profits quickly regardless of the background of the company they are going to buy. Even though the IDX has provided a choice between conventional investment accounts and those that are sharia for Muslim investors. However, there are still many Muslim investors who use conventional investment accounts to invest in stocks. This is certainly not what is expected from the obligation to obey and obey Islamic sharia that exists in a Muslim investor.

In this study, the authors raised several sub-discussions including the behavior of Muslim investors, investment decision-making, Sharia principles in making stock investment decisions, as well as factors influencing investment decision-making. The aim is to find out how investors behave in making investment decisions based on Sharia principles and what factors influence stock investment decisions in the capital market.

Based on this urgency, the authors are always enthusiastic about discussing literature studies related to the behavior of a Muslim investor in selecting and making an investment decision between Islamic stocks compared to conventional stocks. This section includes (1). Background problem, (2). Problem formulation, (3). Research objectives and benefits, (4). Theoretical studies are related to the problem under study.

Methods

This research is research using a literature study method or literature review. A literature review is a comprehensive overview of research that has been conducted on a specific topic to show readers what is already known about the topic and what is not known, to seek a rationale for research that has been done or for further research ideas (Denney & Tewksbury, 2013). Literature studies can be obtained from various sources, including journals, books, documentation, the Internet, and libraries.

The literature study method is a series of activities related to methods of collecting library data, reading and taking notes, and managing writing materials (Kartiningrum 2015). The type of writing used is a literature review study that focuses on the results of writing related to research topics or variables. Data sources are secondary data taken from journals, articles, and other references on the internet. The data used are references published in the last 5 years. Then the author reviews the existing data.

Discussion

Behavior of Muslim Investors

Behavior for an investor is a behavior chosen by an investor by references, thoughts, expertise in choosing an existing option, expertise in receiving information, and also expertise in making improvements or reassessing the results of an investor's analysis.

The Behavior of Muslim Investors in Choosing and Making Stock Investment Decisions in the Islamic Capital Market

Amelia Rahmawati, dkk

Investor behavior is often said to be behavior in managing finance. Tilson said that behavior in financial management is based on a psychology of how deviant and emotional actions can affect the actions of an investor. Rotter has the view that behavior in financial management is based on the psychology of a person who adheres to the illusions that occur are simple rules and a person's tendency to make judgments (Waweru, Ammy, and Soemitra 2008).

The behavior of a Muslim investor cannot be separated from a thought in the teachings of Islam. Therefore, the first discussion in this study starts by discussing the behavior of an investor in the view of the Islamic religion which is usually known as *Homo Islamicus*. So, the economy in Islam is present in sharing an understanding that humans are *Homo Islamicus* which means as a product of Allah SWT where humans are entrusted as leaders in this world in behaving according to Islamic religious law and will be held accountable in the afterlife. Islam firmly states that all human beings must obey and comply with all actions by Islamic religious law. A basic thought of economics in Islam states that a human being has such an important role, therefore self-interest from an economic perspective in Islam is very interesting (Agussiswoyo, 2015). These are the 3 levels of homo Islamicus' self-interest in the economy.

Making Stock Investment Decisions

Deciding to invest in stocks is a decision to buy a company's shares, sell a company's shares, or wait and see in investing in a stock using various thoughts or calculations that are appropriate. The decision to invest entirely depends on each free individual. A decision to invest in a stock must also be seriously considered in terms of the level of profit and also in terms of risk. It would be better to make decisions based on analysis before combining methods in the form of discussions or sharing for experts or experts about stocks professionally.

For investors who have fundamental thinking, with the example of Mr. Warren Buffet, investments with a relatively short period have the nature of speculators, namely an investment that is wrong because it will reduce the rate of return on an investor's profits because there is a transaction cost that will be borne by an investor and also negative thoughts from a psychological will be accepted by an investor because there is a

feeling of anxiety and fear if the stock price increases or decreases. This will change the decision for an investor because there is the nature of speculators where it is only an issue and it also gives the impression that it is just like following other investors. Investor behavior like this will usually cause the market to experience a drastic decline without any correct analysis in selecting company shares.

Sharia Principles in Making Investment Decisions

The principle in Islam is a rule from Allah that is intended for Muslims, related to muamalah issues related to creatures created by Allah SWT or relationships between humans. Based on Zainal's thinking, the scope of Sharia is Sharia compliance. Compliance with Sharia is a way of fulfilling an obligation on all Sharia principles in Islam which has a form of character, integrity, and also a quality in sharia financial institutions.

In Karim's research (2017) there are several indicators in Sharia principles for investing which include that they do not contain usury elements in them, there are no ghahrar elements, there are no maysir elements, avoiding subhat elements, and avoiding elements that are forbidden in Islam. In a book written by Umar Chapra entitled *The Future of Economics*, he explained that the role of Islam in teaching about measurable and immeasurable traits, psychological needs, wealth, and ways to satisfy will affect a person's personality in the form of behavior. behavior in life, references, and the actions of a person or those around him create a sense of balance materially or spiritually, increasing social feelings among human beings, and also a standard of human behavior. Habits of investors who are Muslim, a sense of well-being and happiness do not base themselves on the individual but on the social sphere.

Thinking about economics in Islam in describing a perspective from behavior that makes happiness in two places, namely happiness in the world and happiness in the hereafter. Therefore, the behavior of an investor who is Muslim is not as *Homo Economicus* but as *Homo Islamicus*, that is, in achieving a Falah. Someone who is already a Muslim investor when investing in stocks, does not always focus on profit and maximizes the result, but is based on intentions or developments that are by sharia principles in Islam.

The Behavior of Muslim Investors in Choosing and Making Stock Investment Decisions in the Islamic Capital Market

Amelia Rahmawati, dkk

Factors Influencing Decision-Making in Stock Investing

It is stated that the role of law in Islam influences Muslim investors in the selection of stocks where Muslim investors will choose shares of companies that are registered as Sharia-compliant. The list of companies that are already Sharia compliant was chosen to be a decision in investing in stocks because the company is considered to be free from elements of usury and gambling, does not sell alcoholic beverages, does not sell pork, and does not do business that is forbidden in Islam.

Grouping shares in Islamic stock groups can help in increasing the price of company shares by increasing the relationship between traders in stocks for Muslim groups. The Islamic investor group will stop seeking *Initial Public Offering* (IPO) shares based on a 60% ratio if the cleric's decision does not obtain a category permit whether the shares are Sharia or non-sharia shares.

For an investor who is Muslim, all his actions and all economic activities are of course based on not always thinking about aspects of rationality, but rather prioritizing spiritual morality so that he can filter out something that is forbidden in investing in stocks. The principle in the Islamic religion is a fundamental matter and must be obeyed by investors who are Muslim in connection with deciding to invest in stocks, namely that there is no element of usury in it. This is because, in Islam, a person is forbidden to use usury practices.

The title is adapted to the editorial/description of the problem formulation in question. This section contains the results of the research and discussion related to the first problem formulation. In the first research results, describe the results of the research that has been obtained without including a description of the author's thoughts or a review of the literature. The discussion section contains an explanation of the research results associated with the formulation of the research problems, interpretation of the research results, and comparing or linking the research results with the referenced theory.

Conclusion

The capital market is one of the drivers of the global economy, including Indonesia. In this case, companies as part of the capital market must have good fundamentals. In addition, an investor must also be able to consider his decision in choosing which stock

to buy based on existing references and analysis. News about a good company's financial statements will also affect investor confidence in determining a stock so that it can increase an investor's confidence in buying a company's shares. As an investor who is Muslim, profit is not the main thing in investing, but there is also an intention and flow that is carried out in purchasing shares that must comply with Sharia principles.

The principle in the Islamic religion is a fundamental matter and must be obeyed by investors who are Muslim in connection with deciding to invest in stocks, namely that there is no element of usury in it. This is because, in Islam, a person is forbidden to use usury practices. Muslim investors will use an analysis that is used in choosing company shares based on financial reports that show that shares can go up. For an investor who is Muslim, all actions and all economic activities themselves are of course based on not always thinking about aspects of rationality, but rather prioritizing spiritual morality so that they can filter out things that are forbidden in investing in stocks. Islam emphatically makes halal in choosing instruments and their benefits and benefits in investing in stocks, but related to the behavior of an investor in the capital market, in practice regarding the faith of an investor does not necessarily encourage an investor to buy company shares that are by sharia. Islam. As an investor who is Muslim, investing in stocks does not always focus on profit and maximizing the final value, but also begins with an intention or a plot that meets the standards of Islamic religious law.

References

Aenun. 2022. "Perilaku Investor Dalam Pengambilan Keputusan Investasi Saham Di Pasar Modal Syariah."

Denney, Andrew S., and Richard Tewksbury. 2013. "How to Write a Literature Review." *Journal of Criminal Justice Education* 24 (2): 218–34. <https://doi.org/10.1080/10511253.2012.730617>.

Karim. 2017. *Bank Islam: Analisis Fiqih Dan Keuangan Ed 5*.

Kartiningrum, Eka Diah. 2015. "Panduan Penyusunan Studi Literatur." *Lembaga Penelitian Dan Pengabdian Masyarakat Politeknik Kesehatan Majapahit, Mojokerto*, 1–9.

**The Behavior of Muslim Investors in Choosing and Making Stock
Investment Decisions in the Islamic Capital Market**
Amelia Rahmawati, dkk

Ningsih. 2021. "Analisis Perilaku Investor Dalam Mengambil Keputusan."

Waweru, Ammy, and Soemitra. 2008. *Studi Literatur Perilaku Investor Muslim Dalam Pengambilan Keputusan Investasi Antara Saham Syariah Dan Konvensional.*